TRANSLATION

March 15, 2017

TO OUR SHAREHOLDERS:

SHOWA DENKO K.K.
(Securities Code: 4004)
13-9, Shiba Daimon 1-Chome, Minato-ku,
Tokyo, Japan

Kohei Morikawa
President and Chief Executive Officer

Notice of Convocation of the 108th Ordinary General Meeting of Shareholders

The 108th Ordinary General Meeting of Shareholders of Showa Denko K.K. will be held as described below and you are cordially invited to attend the Meeting.

If you do not expect to attend the Meeting, please exercise your voting rights in writing or by electronic means (including the use of the Internet) after reviewing the following Reference Materials for the General Meeting of Shareholders.

1. **Date and Hour** Thursday, March 30, 2017 at 10:00 a.m.
2. **Place** Tokyo International Forum (Hall B7)
   5-1, Marunouchi 3-Chome, Chiyoda-ku, Tokyo, Japan
3. **Matters constituting the Purpose of the Meeting:**

   Matters to be Resolved upon:

   Proposal No. 1: Partial Amendment to the Articles of Incorporation
   Proposal No. 2: Election of Nine Directors
   Proposal No. 3: Election of One Audit & Supervisory Board Member

4. Other Matters that have been decided by the Board of Directors before Convocation:

Repeated voting:

1) If the voting rights are exercised both in writing and via the Internet, the voting via the Internet will be regarded as effective.

2) If the voting rights are exercised repeatedly using one and the same method, either via the Internet or in writing, the last voting will be regarded as effective.

5. Methods for exercising voting rights for shareholders who do not expect to attend the Meeting:

1) Exercise of voting rights in writing (by mail)

Please indicate your consent or dissent to the proposals on the enclosed Card for Exercise of Voting Rights, and return it by mail to reach us no later than Wednesday, March 29, 2017.

2) Exercise of voting rights via the Internet, etc.

Please log on to the designated website for exercise of voting rights at http://www.it-soukai.com/. Enter your code number and password as provided on the enclosed Card for Exercise of Voting Rights and, by following the instructions on the computer screen, enter your consent or dissent and send it to reach us no later than 5:45 p.m. on Wednesday, March 29, 2017. For your information, we are also a member to the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc.

✧ Upon attending the Meeting, please present the enclosed Card for Exercise of Voting Rights to the receptionist.

✧ When the need arises to amend Reference Materials for the General Meeting of Shareholders, such amendments will be announced on the Company's website at http://www.sdk.co.jp/.

Explanation Concerning Matters to be Reported and a Matter to be Resolved upon Appropriation of Surplus (Dividend) for the 108th Business Term

We would like to explain the difference between this 108th Ordinary General Meeting of Shareholders and usual ordinary general meetings of shareholders.

Convocation of this ordinary meeting of shareholders was resolved at the Board of Directors meeting held on March 6, 2017. As we already announced on March 6, audits of the business report and financial statements (consolidated and non-consolidated) for the 108th business term (January 1, 2016 to December 31, 2016) by Accounting Auditor had not been finished as of the date of resolution of the convocation of this ordinary meeting of shareholders. Thus, the Company could not present "(1) Reports on the Business Report and the Consolidated Financial Statements for the 108th Business Term, and Reports on the Auditing Results from Accounting Auditor and the Audit & Supervisory Board" and "(2) Reports on the Non-consolidated Financial Statements for the 108th Business Term" which were planned as matters to be reported at this ordinary meeting of shareholders.

In addition, the Company gave up the idea of proposing appropriation of surplus (dividend) based on the record date of December 31, 2016, because it judged that the Company could not pay that dividend due to unsettled accounts.

Therefore, we request the shareholders to give approval to the three proposals which are entitled Proposal No.1 to No.3 at this ordinary general meeting of shareholders

With regard to the matters to be reported and other issues mentioned above, we will set a new record date and present them to an extraordinary meeting of shareholders to be held later. We will announce the schedule and agenda of the extraordinary meeting of shareholders as soon as they are fixed.

We sincerely apologize for any inconvenience and anxiety among shareholders caused by this matter.

The details of how things came to this pass are as follows:
During the process of its accounting audit, Shoko Co., Ltd. (hereinafter referred as "Shoko"), which is a consolidated subsidiary of the Company, was advised by its Accounting Auditor on the necessity of close investigation into the posting of sales concerning transactions between s subsidiary of Shoko and its specific customer.

Therefore, aiming to find all the facts, Shoko conducted an internal investigation into transactions between the subsidiary of Shoko and its specific customer, and established a "Special Investigation Committee" which included outside experts in order to conduct investigation from professional and objective points of view. As a result of these investigations, it became clear that, concerning the transactions between the subsidiary of Shoko and its specific customer*, settlement of cash accounts were exactly conducted. However, a doubt arouse about the real existence of commodities subject to these transactions. Thus, it became necessary for Shoko and the Committee to further investigate details of relevant transactions and existence or non-existence of similar cases. The Committee is still in the process of investigation. Therefore, the audit by the Accounting Auditor has not been finished yet.

It is expected to take some time for Shoko to go through the process of investigation by the Special Investigation Committee, to end in conclusion and to be audited additionally by the Accounting Auditor on the basis of the conclusion of the investigation. For that reason, Shoko has decided to postpone the announcement of its financial results for the year ended in December 2016.

Under these circumstances, the Company necessarily decided not to present "Matters to be Presented" to this ordinary general meeting of shareholders because the Company must go through ne necessary formalities to settle its accounts after the settlement of Shoko's accounts.

Again, we sincerely apologize for any inconvenience and anxiety among all stakeholders including shareholders caused by this matter.

*Note:

The subject of such transactions was delivered directly to an end-user without being delivered to the subsidiary. Substantively, by buying in and selling out the subject of the transaction on the books, the subsidiary gave credit (*i.e.*, finance by a trading firm) to the customer, which was the buyer in the transaction.

Reference Materials for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Partial Amendment to the Articles of Incorporation

1. Reason for amendment

   Since the term of the validity of the Company's Reaction Policy on Large-scale Purchases of the Company's Stock Certificates (Takeover Defense) (hereinafter referred to as the "Reaction Policy") is due to expire at the close of the ordinary general meeting of shareholders for the business year ending in December 2016, we carefully scrutinized how the Company should manage the Reaction Policy, and we decided, at the Company's Board of Director's meeting, not to renew the Reaction Policy. Therefore, the Company proposes to delete the corresponding Article of the Company's Articles of Incorporation.

2. Details of amendment

   The Company proposes to delete Article 18 of the Company's Articles of Incorporation, which stipulates the basis of the Reaction Policy, and move up Article 19 and the following articles.

(Underline indicates changes)

Current Articles of Incorporation	Proposed Amendments
Articles 1 to 17 (texts omitted)	Articles 1 to 17 (remain the same)
(Reaction Policy on Large-Scale Purchases) Article 18 ① This corporation may, by resolution of its board of directors, decide to introduce, amend or abolish a reaction policy (hereinafter referred to as "Reaction Policy") with respect to large-scale purchases of its stock, for the purpose of securing and enhancing its corporate value and the common interests of its shareholders. ② In addition to deciding the matters otherwise stipulated by law or these articles of incorporation, the general meeting of the shareholders of this corporation may, by its resolution, approve the Reaction Policy determined by the board of directors, and amend or abolish the Reaction Policy introduced previously. The resolutions for such approval, amendment or abolishment shall be made subject to Article 16, paragraph 1 hereof. ③ The board of directors may, pursuant to the Reaction Policy stipulated in the preceding paragraph, carry out an allotment of share options without contribution or allotment to shareholders, subject to the following matters and other conditions which the board of directors deems appropriate: 1. Conditions for exercising share options which preclude the exercise of rights by any parties stipulated in the Reaction Policy (hereinafter referred to as "Purchasers"); 2. Provisions regarding acquisition which stipulate that this corporation may, in acquiring a part of the relevant share options, only acquire the share options held by the holders of the share options excluding the	(To be deleted)

Current Articles of Incorporation	Proposed Amendments
Purchasers; and 3. Provisions regarding acquisition which stipulate that this corporation may acquire the relevant share options at different considerations, depending on whether the holder thereof falls within the description of a Purchaser. Articles 19 to 42 (texts omitted)	 Articles 18 to 41 (the same in content)

Proposal No. 2: Election of Nine Directors

The term of office of all the nine Directors is to expire at the close of this ordinary general meeting of shareholders. The Company proposes election of nine Directors, including three Outside Directors.

The list of candidates is as follows:

Candidate No.	Name (Date of Birth)	Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
1.	Hideo Ichikawa (March 18, 1952) To be reelected	April 1975 Joined the Company June 1999 General Manager, Business Support Department, Montell SDK Sunrise Ltd. January 2001 General Manager, Business Support Department, SunAllomer Ltd. May 2003 General Manager, Corporate Strategy Office, of the Company January 2006 Corporate Officer; General Manager, Corporate Strategy Office March 2008 Director; Corporate Officer; General Manager, Corporate Strategy Office September 2008 Director; Corporate Officer; Executive Officer, HD Sector January 2010 Director; Managing Corporate Officer; Executive Officer, HD Sector January 2011 President and Chief Executive Officer (CEO) January 2017 Chairman of the Board (up to the present) Reason for nomination as a candidate for Director After taking charge of Corporate Strategy Office and HD Sector, he served as President and CEO of the Company and promoted strategies to expand “individualized businesses.” He has high principles, wide-ranging insight, strict ethical view, fair judgement, and executive power, which are essential characters to carry out his duties as Director, and enough knowledge and business experience to realize management vision of the Group. Based on these, the Company judged he is suitable for a Director, and nominated him as a candidate for Director.	36,700 shares

Candidate No.	Name (Date of Birth)	Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
2.	Kohei Morikawa (June 6, 1957) To be reelected	April 1982 Joined the Company June 2003 General Manager, Fine Chemicals Department, Specialty Chemicals Division, Chemicals Sector June 2005 General Manager, Specialty Chemicals Department, Chemicals Division, Chemicals Sector January 2010 General Manager, Chemicals Development Department, Chemicals Sector January 2012 General Manager, Electronic Chemicals Division, Chemicals Sector January 2013 Corporate Officer; General Manager, Electronic Chemicals Division January 2016 Managing Corporate Officer March 2016 Director; Managing Corporate Officer, in charge of Electronic Chemicals and Functional Chemicals divisions, Business Development Center, Isesaki and Tatsuno plants, and Corporate R&D Department; Chief Technology Officer (CTO) January 2017 President and Chief Executive Officer (CEO) (up to the present) Reason for nomination as a candidate for Director He took charge of Chemicals section through many years, and developed the Company's high-purity gases for electronics and functional chemicals businesses to be a "Growth-accelerating businesses" in the ongoing medium-term business plan. He has high principles, wide-ranging insight, strict ethical view, fair judgement, and executive power, which are essential characters to carry out his duties as Director, and enough knowledge and business experience to realize management vision of the Group. Based on these, the Company judged he is suitable for a Director, and nominated him as a candidate for Director.	4,800 shares

Candidate No.	Name (Date of Birth)	Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
3.	Jun Tanaka (November 28, 1958) To be newly elected	April 1982 Joined the Company January 2007 General Manager, Development Department, Chemicals Division, Chemicals Sector January 2009 General Manager, Corporate Technical Office, Technology Headquarters January 2010 General Manager, Corporate Technical Office Research and Development Headquarters January 2011 Advanced Battery Materials Department January 2012 Corporate Fellow; Deputy General Manager, Advanced Battery Materials Department January 2013 Corporate Officer; General Manager, Advanced Battery Materials Department January 2017 Managing Corporate Officer, in charge of Electronic Chemicals and Functional Chemicals divisions, Business Development Center, Isesaki and Tatsuno plants, and Corporate R&D Department; Chief Technology Officer (CTO) (up to the present) Reason for nomination as a candidate for Director He took charge of development section through many years, promoted commercialization of lithium ion battery materials, and developed that business to be an “Advantage-establishing business” in the ongoing medium-term business plan. In 2017, he was appointed as CTO, and has been taking charge of technology strategy of the whole Company. He has high principles, wide-ranging insight, strict ethical view, fair judgement, and executive power, which are essential characters to carry out his duties as Director. Based on these, the Company judged he is suitable for a Director, and nominated him as a candidate for Director.	1,000shares

Candidate No.	Name (Date of Birth)	Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
4.	Hidehito Takahashi (July 21, 1962) To be newly elected	April 1986 Joined Mitsubishi Bank, Ltd. (currently Bank of Tokyo-Mitsubishi UFJ, Ltd.) February 2002 General Manager, Business Development Department, GE Japan Holding Corporation October 2004 Asia Pacific President, GE Sensing & Inspection Technologies, GE Japan Holding Corporation October 2008 President & CEO, Silicones Business, Momentive Performance Materials Japan Inc. January 2013 President &CEO, GKN Driveline Japan plc October 2015 Joined the Company Senior Corporate Fellow, Assistant to President January 2016 Corporate Officer; General Manager, Corporate Strategy Department January 2017 Managing Corporate Officer, in charge of Ceramics and Carbon divisions, Omachi Plant and Corporate Strategy Department (up to the present) Reason for nomination as a candidate for Director He has proven track record as corporate executive in his previous jobs. After joining the Company, he has been in charge of corporate planning section, drafting and promoting companywide business strategy. He has also been in charge of the Inorganics segment, and promoting structural reform of the segment. He has high principles, wide-ranging insight, strict ethical view, fair judgement, and executive power, which are essential characters to carry out his duties as Director. Based on these, the Company judged he is suitable for a Director, and nominated him as a candidate for Director.	500 shares
5.	Keiichi Kamiguchi (September 3, 1958) To be newly elected	April 1983 Joined the Company September 2008 General Manager, Corporate Strategy Office January 2011 Corporate Officer; General Manager, Corporate Strategy Office January 2013 Corporate Officer; General Manager, Corporate Strategy Department January 2015 Corporate Officer, in charge of Industrial Gases and Basic Chemicals divisions, Kawasaki and Higashinagahara plants January 2017 Corporate Officer, in charge of Internal Audit, Legal & Intellectual Property, General Affairs & Human Resources and Purchasing & SCM departments; Chief Risk Management Officer (CRO) (up to the present) Reason for nomination as a candidate for Director He took charge of corporate planning section through many years and drafted medium-term business plans. From 2015, he took charge of two divisions of the Chemicals sector, and from 2017, he has been supervising and promoting measures to diminish business risks as CRO. He has high principles, wide-ranging insight, strict ethical view, fair judgement, and executive power, which are essential characters to carry out his duties as Director. Based on these, the Company judged he is suitable for a Director, and nominated him as a candidate for Director.	2,700 shares

Candidate No.	Name (Date of Birth)	Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
6.	Toshiharu Kato (March 20, 1957) To be newly elected	April 1981 Joined Showa Aluminum Corporation March 2001 Joined the Company August 2014 General Manager, Finance & Accounting Department January 2016 Corporate Officer; General Manager, Finance & Accounting Department January 2017 Corporate Officer, in charge of Information Systems Department; General Manager, Finance & Accounting Department; Chief Financial Officer (CFO) (up to the present) Reason for nomination as a candidate for Director He has been taking charge of finance and accounting sections through many years. From 2017, he has been supervising and promoting financial and accounting strategies of the Group in order to strengthen the Group's financial standing. He has high principles, wide-ranging insight, strict ethical view, fair judgement, and executive power, which are essential characters to carry out his duties as Director. Based on these, the Company judged he is suitable for a Director, and nominated him as a candidate for Director.	3,000 shares
7.	Tomofumi Akiyama (August 13, 1935) To be reelected Independent	April 1959 Joined Fukoku Mutual Life Insurance Company May 1982 General Manager, Finance Department, Fukoku Mutual Life Insurance Company July 1984 Director, Fukoku Mutual Life Insurance Company March 1989 Managing Director, Fukoku Mutual Life Insurance Company July 1998 President, Fukoku Mutual Life Insurance Company March 2008 Director, of the Company (incumbent) July 2010 Chairman, Fukoku Mutual Life Insurance Company (incumbent) (up to the present) Important Concurrent Post: Chairman, Fukoku Mutual Life Insurance Company Reason for nomination as a candidate for Director We have received from him valuable advice on the management of the Company based on his insight and his experience in managing a life insurance company for many years. We therefore believe he is suitable for the position as Outside Director, and nominated him as a candidate for Director.	0 shares

Candidate No.	Name (Date of Birth)	Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
8.	Akiyoshi Morita (August 23, 1941) To be reelected Independent	April 1967 Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation) September 1994 Director, Toyota Motor Corporation June 1998 Managing Director, Toyota Motor Corporation June 1999 Senior Managing Director, Toyota Motor Corporation June 2000 Executive Vice President, Aichi Steel Corporation June 2004 President, Aichi Steel Corporation June 2008 Chairman, Aichi Steel Corporation June 2011 Advisor, Aichi Steel Corporation March 2012 Director, of the Company (incumbent) June 2015 Counselor, Aichi Steel Corporation (incumbent) (up to the present) Reason for nomination as a candidate for Director We have received from him valuable advice on the management of the Company based on his insight and his experience in managing a car manufacturing company and a special steel manufacturing company for many years. We therefore believe he is suitable for the position as Outside Director, and nominated him as a candidate for Director.	5,000 shares

Candidate No.	Name (Date of Birth)	Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
9.	Masaharu Oshima (March 17, 1949) To be reelected Independent	April 1974 Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation) November 1995 Professor, Applied Chemistry Department, Graduate School of Engineering, The University of Tokyo April 2006 Director, Synchrotron Radiation Research Organization, The University of Tokyo October 2009 Chairman, The Japanese Society for Synchrotron Radiation Research April 2013 Project Professor, Synchrotron Radiation Research Organization, The University of Tokyo May 2013 Chairman, The Surface Science Society of Japan June 2013 Emeritus Professor, The University of Tokyo (incumbent) April 2014 Project Researcher, Synchrotron Radiation Research Organization, The University of Tokyo March 2015 Director, of the Company (incumbent) April 2015 Special Professor, Tokyo City University (incumbent) July 2016 Project Researcher, School of Engineering, The University of Tokyo (incumbent) December 2016 Project Researcher, Institute for Solid State Physics, The University of Tokyo (incumbent) (up to the present) Reason for nomination as a candidate for Director We have received from him valuable advice on the management of the Company, especially in the field of research and development, based on his abundant expertise and experience as a researcher of electronics. We therefore believe he is suitable for the position as Outside Director. Though Mr. Oshima has never taken part in management of business companies in the past, he participated in commercialization of results of joint researches with multiple companies. We therefore judged he can appropriately fulfill his duties as Outside Director, and nominated him as a candidate for Director.	0 share

Notes: 1. None of the candidates for the Directors has any special interest in the Company.

2. Mr. Jun Tanaka, Mr. Hidehito Takahashi, Mr. Keiichi Kamiguchi, and Mr. Toshiharu Kato are candidates to be newly elected.
3. Mr. Tomofumi Akiyama, Mr. Akiyoshi Morita, and Mr. Masaharu Oshima are candidates for Outside Directors.
4. Mr. Akiyama, Mr. Morita, and Mr. Oshima will have served as Outside Directors of the Company for nine (9) years, five (5) years, and two (2) years respectively at the close of this ordinary general meeting of shareholders.
5. Pursuant to the provisions of Articles of Incorporation, in case Mr. Akiyama, Mr. Morita, and Mr. Oshima are reelected, the Company plans to extend the existing agreements with them limiting their liability for damages within a defined range. The amount of limited liability under the agreement shall be the minimum level stipulated by laws and regulations.
6. Pursuant to relevant rules of the Tokyo Stock Exchange, Inc. (TSE), the Company has notified the TSE that Mr. Akiyama, Mr. Morita, and Mr. Oshima have been appointed the Company's independent directors who will not have conflicting interests with general shareholders. Though Fukoku Mutual Life Insurance Company, in which Mr. Akiyama has another position, holds shares of the Company, the percentage of shares held by Fukoku Mutual Life Insurance Company is 3.86% and does not meet the condition to be recognized as major stock holder. In addition, though the Company has business relations with Fukoku Mutual Life Insurance Company including borrowing money form it, the percentage of money borrowed from Fukoku Mutual Life Insurance Company is less than1% of the Company's total assets, and does not meet the condition to be recognized as major business acquaintance of the Company. We therefore judge Mr. Akiyama will not have conflicting interests with general shareholders.

   Though Mr. Akiyoshi Morita is a Counselor of Aichi Steel Corporation, the amount of annual business transactions between the Company and Aichi Steel Corporation is less than 1% of the Company's net sales, and does not meet the condition to be recognized as major business acquaintance of the Company. We therefore judge Mr. Morita will not have conflicting interests with general shareholders.

   Mr. Masaharu Oshima and the Company had joint researches until 2008. The annual research expenses were less than 10 million yen, and do not meet the condition to be recognized as major business acquaintance of the Company. We therefore judge Mr. Oshima will not have conflicting interests with general shareholders.

Proposal No. 3: Election of One Audit & Supervisory Board Member

Standing Statutory Audit & Supervisory Board Member Ichiro Nomura is to leave his office at the close of this ordinary general meeting of shareholders. The Company proposes election of one Audit & Supervisory Board Member.

As to this proposal, approval from the Audit & Supervisory Board has been obtained.

The candidate for Audit & Supervisory Board Member is as listed below:

Candidate No.	Name (Date of Birth)	Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
1.	Saburo Muto (January 15, 1954) To be newly elected	April 1976 Joined the Company March 2004 General Manager, Accounting Group, Business Support Center January 2006 General Manager, Accounting Office January 2010 Corporate Fellow; General Manager, Accounting Office January 2011 Corporate Officer; General Manager, Finance Office January 2013 Corporate Officer; General Manager, Finance & Accounting Department March 2014 Director; Corporate Officer; General Manager, Finance & Accounting Department August 2014 Director; Corporate Officer January 2015 Director; Managing Corporate Officer, in charge of Finance & Accounting and Information Systems departments; Chief Financial Officer (CFO) January 2017 Director; Assistant to President (up to the present) Reason for nomination as a candidate for Audit & Supervisory Board Member He took charge of finance and accounting sections through many years. From 2014, as CFO of the Group, he supervised and promoted financial and accounting strategies of the Group in order to strengthen the Group's financial standing. He has high principles, wide-ranging insight, strict ethical view, fair judgement, and executive power, which are essential characters to carry out his duties as Audit & Supervisory Board Member. In addition, he has knowledge and experience rich enough to appropriately and fairly audit Directors' performance of their duties from finance and accounting-related point of view. Based on these, the Company judged he is suitable for Audit & Supervisory Board Member, and nominated him as a candidate for Audit & Supervisory Board Member.	11,100 shares

Notes: 1. Mr. Saburo Muto does not have any special interest in the Company.

2. Mr. Saburo Muto is a candidate to be newly elected.

3. Mr. Saburo Muto engaged in finance and accounting sections of the Company through many years, and served as CFO, who supervises finance and accounting sections of the Company. Thus he has considerable knowledge about finance and accounting.